MARKETING **INSIGHT**

HOW CONSUMERS REALLY MAKE DECISIONS

One of the most active academic research areas in marketing is behavioral decision theory (BDT). Researchers have uncovered many fascinating influences and outcomes in consumer decision making, often challenging predictions from economic theory and assumptions about rationality.

- Consumers are more likely to choose an alternative (a home bread bakery) after a relatively inferior option (a slightly better but significantly more expensive bakery) is added to the choice set.

- Consumers are more likely to choose an alternative that appears to be a compromise in the particular choice set under consideration.

- The choices that consumers make influence their assessment of their own tastes.

- Shifting attention to one of two considered alternatives tends to enhance the perceived attractiveness and choice probability of that alternative.

- The manner in which consumers compare products that vary in terms of price and perceived quality (features, brand name) and the way those products are displayed in the store (by brand or by model type) affect their willingness to pay more for additional features or a better-known brand.

- Consumers who think about the possibility that their purchase decisions will turn out to be wrong are more likely to choose better-known brands.

- Consumers for whom possible feelings of regret are made more relevant are more likely to choose a product that is currently on sale rather than wait for a better sale or buy a higher-priced item.

- Consumers' choices are influenced by subtle (and theoretically inconsequential) changes in the way alternatives are described.

- Consumers who make purchases for later consumption appear to make systematic errors in predicting their future preferences.

- Consumer's predictions of their future tastes are not accurate—they do not really know how they will feel after consuming the same flavor of yogurt or ice cream several times.

- Consumers often overestimate the duration of their overall emotional reactions to future events (moves, financial windfalls, outcomes of sporting events).

- Consumers often overestimate their future consumption, especially if there is limited availability (which may explain why Black Jack and other gums have higher sales when availability is limited to several months per year than when they are offered year round).

- In anticipating future consumption opportunities, consumers often assume they will want or need more variety than they actually do.

- Consumers are less likely to choose alternatives with product features or promotional premiums that have little or no value, even when these features and premiums are optional (like the opportunity to purchase a Collector's Plate) and do not reduce the actual value of the product in any way.

- Consumers are less likely to choose products selected by other consumers for reasons that they find irrelevant, even though these other reasons would not suggest anything positive or negative about the products' values.

- Consumers' interpretations and evaluations of past experiences are greatly influenced by the ending and trend of events. A positive event at the end of a service experience can color later reflections and evaluations of the experience as a whole.

What all these and other studies reinforce is that consumer behavior is very constructive and that the context of decisions really matter. Understanding how these effects show up in the marketplace can be crucial for marketers.

Sources: For an overview of some issues involved, see James R. Bettman, Mary Frances Luce, and John W. Payne, "Constructive Consumer Choice Processes," *Journal of Consumer Research* 25 (December 1998): 187–217; and Itamar Simonson, "Getting Closer to Your Customers by Understanding How They Make Choices," *California Management Review* 35 (Summer 1993): 68–84. For examples of classic studies in this area, see some of the following: Dan Ariely and Ziv Carmon, "Gestalt Characteristics of Experiences: The Defining Features of Summarized Events," *Journal of Behavioral Decision Making* 13, no. 2 (April 2000): 191–201; Ravi Dhar and Klaus Wertenbroch, "Consumer Choice between Hedonic and Utilitarian Goods," *Journal of Marketing Research* 37 (February 2000): 60–71; Itamar Simonson and Amos Tversky, "Choice in Context: Tradeoff Contrast and Extremeness Aversion," *Journal of Marketing Research* 29 (August 1992): 281–95; Itamar Simonson, "The Effects of Purchase Quantity and Timing on Variety-Seeking Behavior," *Journal of Marketing Research* 27 (May 1990): 150–62; Frank R. Kardes, *Consumer Behavior and Managerial Decision Making*, 2nd ed. (Upper Saddle River, NJ: Prentice Hall, 2003).

2. The **representativeness heuristic**—Consumers base their predictions on how representative or similar the outcome is to other examples. One reason that package appearances may be so similar for different brands in the same product category is that they want to be seen as representative of the category as a whole.

3. The **anchoring and adjustment heuristic**—Consumers arrive at an initial judgment and then adjust it based on additional information. For services marketers, it is critical to make a strong first impression to establish a favorable anchor, so that subsequent experiences are interpreted in a more favorable light.

Note that marketing managers also may use heuristics and be subject to biases in their decision making. "Marketing Memo: Decision Traps" reveals 10 common mistakes managers make in their decisions.

MARKETING MEMO

In *Decision Traps*, Jay Russo and Paul Schoemaker reveal the 10 most common mistakes managers make in their decisions.

1. **Plunging In**—Beginning to gather information and reach conclusions without taking a few minutes to think about the crux of the issue you're facing or how you believe decisions like this one should be made.

2. **Allowing Frame Blindness**—Setting out to solve the wrong problem because you've created a mental framework for your decision with little thought, causing you to overlook the best options or to lose sight of important objectives.

3. **Lacking Frame Control**—Failing to consciously define the problem in more ways than one, or being unduly influenced by the frames of others.

4. **Being Overconfident in Your Judgment**—Failing to collect key factual information because you are too sure of your assumptions and opinions.

5. **Using Shortsighted Shortcuts**—Relying inappropriately on "rules of thumb" such as implicitly trusting the most readily available information or anchoring too much on convenient facts.

6. **Shooting from the Hip**—Believing you can keep straight all the information you've discovered, "winging it" rather than following a systematic procedure when making the final choice.

7. **Allowing Group Failure**—Assuming that with many smart people involved, good choices will follow automatically, and therefore failing to manage the group decision-making process.

8. **Fooling Yourself about Feedback**—Failing to interpret the evidence from past outcomes for what it really says, because you are protecting your ego or hindsight effects trick you.

9. **Not Keeping Track**—Assuming that experience will make its lessons available automatically, and therefore failing to keep systematic records to track the results of your decisions and analyze them in ways that reveal their key lessons.

10. **Failing to Audit Your Decision Process**—Failing to create an organized approach to understanding your own decision making, so you remain constantly exposed to all the other nine decision traps.

Sources: J. Edward Russo and Paul J. H. Schoemaker, *Decision Traps: Ten Barriers to Brilliant Decision Making and How to Overcome Them* (New York: Doubleday, 1990); see also, J. Edward Russo and Paul J. H. Schoemaker, *Winning Decisions: Getting It Right the First Time* (New York: Doubleday, 2001).

Mental Accounting

Researchers have found that consumers use mental accounting when they handle their money.[65] **Mental accounting** refers to the way consumers code, categorize, and evaluate financial outcomes of choices. Formally, it is "the tendency to categorize *funds* or items of value even though there is no logical *basis* for the categorization, for example, individuals often segregate their savings into separate accounts to meet different goals even though funds from any of the accounts can be applied to any of the goals."[66]

For example, assume you spend Rs. 50 to buy a ticket to see a concert.[67] As you arrive at the show, you realize you've lost your ticket. You may be unsure about purchasing another ticket for Rs. 50. Assume, on the other hand, that you realize you lost Rs. 50 on the way to buy the ticket. You might be much more likely to go ahead and buy the ticket anyway. Although you lost the same amount in each case—Rs. 50—in the first case, you may have mentally allocated Rs. 50 for going to a concert. Buying another ticket would exceed your mental concert budget. In the second case, the money you lost did not belong to any account, so you had not yet exceeded your mental concert budget.

According to Chicago's Richard Thaler, mental accounting is based on a set of key core principles:

1. Consumers tend to *segregate gains*. When a seller has a product with more than one positive dimension, it's desirable to have the consumer evaluate each dimension separately. Listing multiple benefits of a large industrial product, for example, can make the sum of the parts seem greater than the whole.

2. Consumers tend to *integrate losses*. Marketers have a distinct advantage in selling something if its cost can be added to another large purchase. House buyers are more inclined to view additional expenditures favorably given the high price of buying a house.

3. Consumers tend to *integrate smaller losses with larger gains*. The "cancellation" principle might explain why withholding taxes from monthly paychecks is less aversive than large, lump-sum tax payments—the smaller withholdings are more likely to be absorbed by the larger pay amount.

4. Consumers tend to *segregate small gains from large losses*. The "silver lining" principle might explain the popularity of rebates on big-ticket purchases such as cars.

The principles of mental accounting are derived in part from prospect theory. **Prospect theory** maintains that consumers frame their decision alternatives in terms of gains and losses according to a value function. Consumers are generally loss averse. They tend to over-weight very low probabilities and underweight very high probabilities.

Profiling the Customer Buying-Decision Process

How can marketers learn about the stages in the buying process for their product? They can think about how they themselves would act, in the *introspective method*. They can interview a small number of recent purchasers, asking them to recall the events leading to their purchase, in the *retrospective method*. They can use the *prospective method* to locate consumers who plan to buy the product and ask them to think out loud about going through the buying process, or they can ask consumers to describe the ideal way to buy the product, in the *prescriptive method*. Each method yields a picture of the steps in the process.

Trying to understand the customer's behavior in connection with a product has been called mapping the customer's *consumption system*,[68] *customer activity cycle*,[69] or *customer scenario*.[70] Marketers can do this for such activity clusters as doing laundry, preparing for a wedding, or buying a car. Buying a car, for example, includes a whole cluster of activities—choosing the car, financing the purchase, buying insurance, buying accessories, and so on.

OBJECTIVES OUTLINE

Author Comment | Despite the simple looking model in Figure 5.1, understanding the *whys* of buying behavior is very difficult. Says one expert "The mind is a whirling, swirling, jumbled mass of neurons bouncing around..."
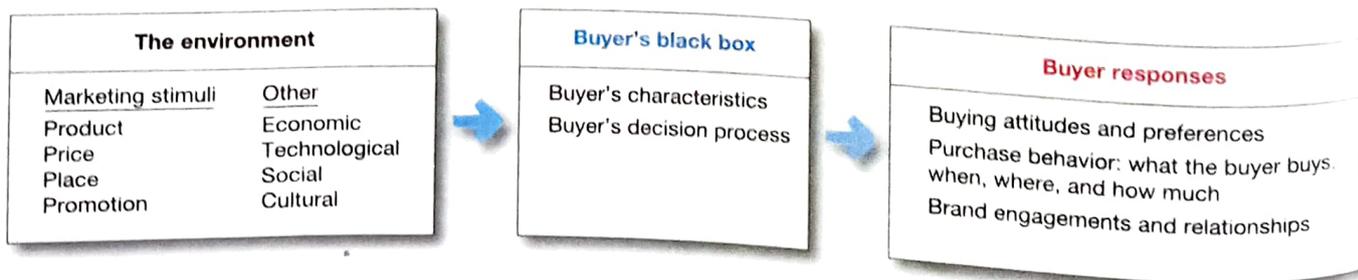
Model of Consumer Behavior

Consumers make many buying decisions every day, and the buying decision is the focal point of the marketer's effort. Most large companies research consumer buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy. Marketers can study actual consumer purchases to find out what they buy, where, and how much. But learning about the whys behind consumer buying behavior is not so easy—the answers are often locked deep within the consumer's mind. Often, consumers themselves don't know exactly what influences their purchases.

The central question for marketers is this: How do consumers respond to various marketing efforts the company might use? The starting point is the stimulus-response model of buyer behavior shown in ● **Figure 5.1**. This figure shows that marketing and other stimuli enter the consumer's "black box" and produce certain responses.

Marketers want to understand how the stimuli are changed into responses inside the consumer's black box, which has two parts. First, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. These characteristics include a variety of cultural, social, personal, and psychological factors. Second, the buyer's decision

● FIGURE | 5.1
The Model of Buyer Behavior

The environment		Buyer's black box	Buyer responses
Marketing stimuli	**Other**	Buyer's characteristics	Buying attitudes and preferences
Product	Economic	Buyer's decision process	Purchase behavior: what the buyer buys, when, where, and how much
Price	Technological		Brand engagements and relationships
Place	Social		
Promotion	Cultural		

We can measure the whats, wheres, and whens of buyer behavior. But it's difficult to "see" inside the consumer's head and figure out the whys (that's why it's called the black box).

process itself affects his or her behavior. This decision process—from need recognition, information search, and alternative evaluation to the purchase decision and postpurchase behavior—begins long before the actual purchase decision and continues long after. We look first at buyer characteristics as they affect buyer behavior and then discuss the buyer decision process.

Characteristics Affecting Consumer Behavior

Consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics, as shown in ● Figure 5.2. For the most part, marketers cannot control such factors, but they must take them into account.

Cultural Factors

Cultural factors exert a broad and deep influence on consumer behavior. Marketers need to understand the role played by the buyer's *culture*, *subculture*, and *social class*.

Culture

Culture
The set of basic values, perceptions, wants, and behaviors learned by a member of society from family and other important institutions.

Culture is the most basic cause of a person's wants and behavior. Human behavior is largely learned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviors from his or her family and other important institutions. A child in the United States normally is exposed to the following values: achievement and success, freedom, individualism, hard work, activity and involvement, efficiency and practicality, material comfort, youthfulness, and fitness and health. Every group or society has a culture, and cultural influences on buying behavior may vary greatly from both county to county and country to country.

Marketers are always trying to spot *cultural shifts* so as to discover new products that might be wanted. For example, the cultural shift toward greater concern about health and fitness has created a huge industry for health-and-fitness services, exercise equipment and clothing, organic foods, and a variety of diets.

Subculture

Subculture
A group of people with shared value systems based on common life experiences and situations.

Each culture contains smaller **subcultures**, or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Examples of three such important subculture groups are Hispanic American, African American, and Asian American consumers.
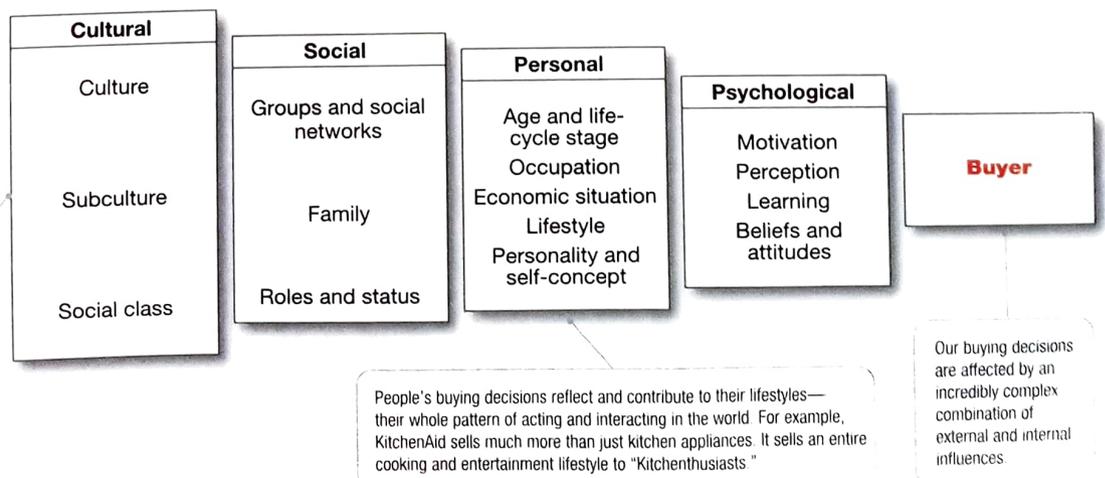
● FIGURE | 5.2
Factors Influencing
Consumer Behavior

Many brands now target specific subcultures—such as Hispanic American, African American, and Asian American consumers—with marketing programs tailored to their specific needs and preferences.

Cultural	Social	Personal	Psychological	Buyer
Culture	Groups and social networks	Age and life-cycle stage	Motivation	
		Occupation	Perception	
Subculture	Family	Economic situation	Learning	
		Lifestyle	Beliefs and attitudes	
Social class	Roles and status	Personality and self-concept		

People's buying decisions reflect and contribute to their lifestyles—their whole pattern of acting and interacting in the world. For example, KitchenAid sells much more than just kitchen appliances. It sells an entire cooking and entertainment lifestyle to "Kitchenthusiasts."

Our buying decisions are affected by an incredibly complex combination of external and internal influences.

Hispanic American Consumers. *Hispanics* represent a large, fast-growing market. The nation's more than 55 million Hispanic consumers (almost one of every six Americans) have total annual buying power of $1.7 trillion. The U.S. Hispanic population will surge to more than 130 million by 2030, close to one-third of the total U.S. population. Hispanics are a youthful segment—more than 52 percent of U.S. Hispanics are below age 30.[1] Within the Hispanic market, there exist many distinct subsegments based on nationality, age, income, and other factors. A company's product or message may be more relevant to one nationality over another, such as Mexicans, Costa Ricans, Argentineans, or Cubans.

Although Hispanic consumers share many characteristics and behaviors with the mainstream buying public, there are also distinct differences. They tend to be deeply family oriented and make shopping a family affair—children have a big say in what brands they buy. Older, first-generation Hispanic consumers tend to be very brand loyal and to favor brands and sellers who show special interest in them. Younger Hispanics, however, have shown increasing price sensitivity in recent years and a willingness to switch to store brands. Befitting their youthfulness, Hispanics are more active on mobile and social networks than other segments, making digital media ideal for reaching this segment.[2]

Companies ranging from P&G, McDonald's, AT&T, Walmart, and State Farm to Google, L'Oréal, and many others have developed special targeting efforts for this fast-growing consumer segment. For example, working with its longtime Hispanic advertising agency Conill, Toyota has developed numerous Hispanic marketing campaigns that have helped make it the favorite automobile brand among Hispanic buyers. Consider its recent award-winning "Más Que un Auto" campaign:

Last fall, to celebrate its 10th year as America's most-loved auto brand among Hispanics, Toyota ran a Hispanic campaign themed "Más Que un Auto" (translation: "More than a Car"). The campaign appealed to Hispanics' special love for their cars and their penchant for giving everything and anything a superpersonal nickname, including their cars. ● The campaign offered Hispanic customers free nameplates featuring their unique car names, made with the same typeface and materials as the official Toyota nameplates. Now, along with the Toyota and model names, they could adorn their cars with personalized, official-looking brand badges of their own—whether Pepe, El Niño, Trueno ("Thunder"), Monster, or just plain Oliver, Ella, or Rolly the Corolla.

The award-winning "Más Que un Auto" campaign created a strong emotional connection between Hispanics and their Toyotas. Within the first few months, customers had ordered more than 100,000 custom nameplates, far exceeding the goal of 25,000. Brand fans by the thousands posted pictures and shared their car love stories on campaign sites and other social media. Toyota is now shaping new phases of the "Más Que un Auto" campaign, such as turning some of the fan car stories into ads or asking customers to imagine what a how commercial featuring their beloved ride might look and then picking the best idea to produce for a real broadcast ad.[3]

● Targeting Hispanic consumers: Toyota's award-winning "Más Que un Auto" campaign created a strong emotional connection between Hispanics and their Toyotas with free, official-looking, personalized nameplates for their much-loved cars—here, Pepe.

Toyota Motor Sales, U.S.A. Inc.

African American Consumers. The U.S. *African American* population is growing in affluence and sophistication. The nation's more than 44 million black consumers wield almost $1.3 trillion in annual buying power. Although more price conscious than other segments, blacks are also strongly motivated by quality and selection. Brands are important. African American consumers are heavy users of digital and social media, providing access through a rich variety of marketing channels.[4]

Many companies develop special products, appeals, and marketing programs for African American consumers—from carmakers like Ford and Hyundai to consumer products companies like P&G to even not-for-profits and government agencies such as the U.S.
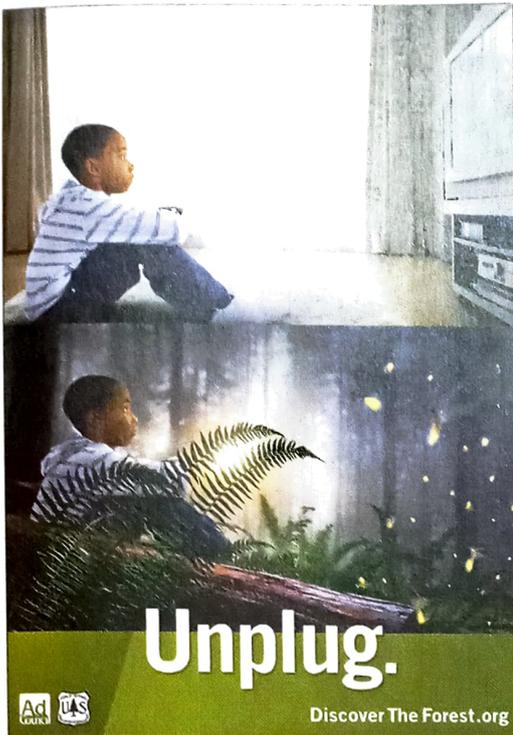
Forest Service. For example, the U.S. Forest Service and the Ad Council recently joined forces to create the "Discover the Forest" public service campaign to raise awareness among families of the benefits for children of getting outside and enjoying nature. One round of the campaign specifically targeted the parents of African American tweens:[5]

> Although more than 245 million Americans live within 100 miles of a national forest or grassland, research shows that a majority of children in some population segments are not spending active time outdoors. For example, only 37 percent of African American children ages 6 to 12 participate frequently in outdoor activities compared with 67 percent of the broader U.S. population in that age group. To help close that gap, the U.S. Forest Service and the Ad Council created the "Discover the Forest" campaign, a series of public service messages ranging from billboards and radio commercials to interactive social media and website content. With headlines such as "Unplug," "Where Curiosity Blooms," and "Where Imagination Sprouts," the ads targeting African American families promote the discovery and imagination wonders of connecting with the great outdoors and the resulting physical, mental health, and emotional well-being benefits. "The forest is one of those amazing places where kids can flex their imagination muscles through exploration and discovery," says a marketer associated with the campaign.

Unplug.

DiscoverTheForest.org

● Targeting African American consumers: The U.S. Forest Service and the Ad Council joined forces to create the "Discover the Forest" public service campaign to raise awareness among African American families of the benefits for children of getting outside and enjoying nature.

The Forest Service, an agency of the U.S. Department of Agriculture, and the Ad Council

Asian American Consumers. *Asian Americans* are the most affluent U.S. demographic segment. A relatively well-educated segment, they now number more than 18.5 million (5 percent of the population), with annual buying power expected to approach $1 trillion by 2018. Asian Americans are the second-fastest-growing subsegment after Hispanic Americans. And like Hispanic Americans, they are a diverse group. Chinese Americans constitute the largest group, followed by Filipinos, Asian Indians, Vietnamese, Korean Americans, and Japanese Americans. Yet, unlike Hispanics who all speak various dialects of Spanish, Asians speak many different languages. For example, ads for the 2010 U.S. Census ran in languages ranging from Japanese, Cantonese, Khmer, Korean, and Vietnamese to Thai, Cambodian, Hmong, Hinglish, and Taglish.[6]

As a group, Asian American consumers shop frequently and are the most brand conscious of all the ethnic groups. They can be fiercely brand loyal, especially to brands that work to build relationships with them. As a result, many firms now target the Asian American market. For example, many retailers, especially luxury retailers such as Bloomingdale's, now feature themed events and promotions during the Chinese New Year, a spending season equivalent to the Christmas holidays for Chinese American consumers. They hire Mandarin-speaking staff, offer Chinese-themed fashions and other merchandise, and feature Asian cultural presentations. Bloomingdale's has even introduced seasonal, limited edition pop-up shops in many stores around the country:

> ● Richly designed in red, gold, and black motifs, Chinese colors of good fortune, the Bloomingdale's pop-up boutiques feature high-end Chinese-themed fashions and other merchandise created especially for the Chinese New Year celebration. Some locations sponsor entertainment such as lion dancers, Chinese tarot card readings, calligraphy, lantern making, tea tastings, and free Zodiac nail art. Shoppers in some stores are invited to select Chinese red envelopes with prizes such as gift cards in denominations of $8, $88, or $888 (eight is a lucky number in Chinese culture). In addition to the pop-up boutiques, Bloomingdale's celebrates the days and weeks leading up to the Chinese New Year with Chinese-language ads and promotions in carefully targeted traditional and online media. The retailer also has 175 Chinese-speaking associates across the country. "Chinese customers, including both tourists as well as Chinese Americans, are an important part of the overall Bloomingdale's business," says the retailer's CEO.[7]

Total market strategy
Integrating ethnic themes and cross-cultural perspectives within a brand's mainstream marketing, appealing to consumer similarities across subcultural segments rather than differences.

A Total Marketing Strategy. Beyond targeting segments such as Hispanics, African Americans, and Asian Americans with specially tailored efforts, many marketers now embrace a **total market strategy**—the practice of integrating ethnic themes and

● **Targeting Asian American consumers:** Bloomingdale's celebrates the important Chinese New Year with carefully targeted ads and promotions and even special seasonal pop-up boutiques in its stores featuring Chinese-themed merchandise, events, and entertainment.

Petr Svab/Epoch Times Inc.

cross-cultural perspectives within their mainstream marketing. An example is general-market commercials for Cheerios and Honey Maid that feature interracial and blended families and couples. A total market strategy appeals to consumer similarities across subcultural segments rather than differences.[8]

Many marketers are finding that insights gleaned from ethnic consumer segments can influence their broader markets. For example, today's youth-oriented lifestyle is influenced heavily by Hispanic and African American entertainers. So it follows that consumers expect to see many different cultures and ethnicities represented in the advertising and products they consume. For instance, McDonald's takes cues from African Americans, Hispanics, and Asians to develop menus and advertising in hopes of encouraging mainstream consumers to buy smoothies, mocha drinks, and snack wraps as avidly as they consume hip-hop and rock 'n' roll. Or McDonald's might take an ad primarily geared toward African Americans and run it in general-market media.

Social Class

Social class
Relatively permanent and ordered divisions in a society whose members share similar values, interests, and behaviors.

Almost every society has some form of social class structure. **Social classes** are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Social scientists have identified seven American social classes: upper upper class, lower upper class, upper middle class, middle class, working class, upper lower class, and lower lower class.

Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables. In some social systems, members of different classes are reared for certain roles and cannot change their social positions. In the United States, however, the lines between social classes are not fixed and rigid; people can move to a higher social class or drop into a lower one.

Marketers are interested in social class because people within a given social class tend to exhibit similar buying behavior. Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, travel and leisure activity, financial services, and automobiles.

Social Factors

A consumer's behavior also is influenced by social factors, such as the consumer's *small groups, social networks, family,* and *social roles and status.*

Groups and Social Networks

Group
Two or more people who interact to accomplish individual or mutual goals.

Many small **groups** influence a person's behavior. Groups that have a direct influence and to which a person belongs are called *membership groups.* In contrast, *reference groups* serve as direct (face-to-face interactions) or indirect points of comparison or reference in forming a person's attitudes or behavior. People often are influenced by reference groups to which they do not belong. For example, an *aspirational group* is one to which the individual wishes to belong, as when a young basketball player hopes to someday emulate basketball star LeBron James and play in the NBA.

Marketers try to identify the reference groups of their target markets. Reference groups expose a person to new behaviors and lifestyles, influence the person's attitudes and self-concept, and create pressures to conform that may affect the person's product and brand choices. The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects.

Word-of-mouth influence
The impact of the personal words and recommendations of trusted friends, family, associates, and other consumers on buying behavior.

Word-of-mouth influence can have a powerful impact on consumer buying behavior. The personal words and recommendations of trusted friends, family, associates, and other consumers tend to be more credible than those coming from commercial sources, such as advertisements or salespeople. One recent study found that only 49 percent of consumers reported that they trust or believe advertising, whereas 72 percent said they trusted family and friends and 72 percent said they trust online reviews.[9] Most word-of-mouth influence happens naturally: Consumers start chatting about a brand they use or feel strongly about one way or the other. Often, however, rather than leaving it to chance, marketers can help to create positive conversations about their brands.

Marketers of brands subjected to strong group influence must figure out how to reach **opinion leaders**—people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert social influence on others. Some experts call this group the *influentials* or *leading adopters*. When these influentials talk, consumers listen. Marketers try to identify opinion leaders for their products and direct marketing efforts toward them.

Opinion leader
A person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts social influence on others.

Buzz marketing involves enlisting or even creating opinion leaders to serve as "brand ambassadors" who spread the word about a company's products. Consider Mercedes-Benz's award-winning "Take the Wheel" influencer campaign:[10]

> Mercedes-Benz wanted get more people talking about its all-new, soon-to-be-launched 2014 CLA model, priced at $29,900 and aimed at getting a new generation of younger consumers into the Mercedes brand. So it challenged five of Instagram's most influential photographers—everyday Gen Y consumers whose stunning imagery had earned them hundreds of thousands of fans—to each spend five days behind the wheel of a CLA, documenting their journeys in photos shared via Instagram. The photographer who got the most Likes got to keep the CLA. The short campaign really got people buzzing about the car, earning 87 million social media impressions and more than 2 million Likes. Ninety percent of the social conversation was positive. And when Mercedes launched the CLA the following month, it broke sales records.

Sometimes, everyday customers become a brand's best evangelists. For instance, Alan Klein loves the McDonald's McRib—a sandwich made of a boneless pork patty molded into a rib-like shape, slathered in BBQ sauce and topped with pickles and onion. The McRib is sold for only short time periods each year at McDonald's restaurants around the nation. Klein loves it so much that he created the McRib Locator app and website (mcrib-locator.com), where McRib fans buzz about locations where they've recently sighted the coveted sandwich.[11]

Online social networks
Online social communities—blogs, online social media, brand communities, and other online forums—where people socialize or exchange information and opinions.

Over the past several years, a new type of social interaction has exploded onto the scene—online social networking. **Online social networks** are online communities where people socialize or exchange information and opinions. Social networking communities range from blogs (Consumerist, Engadget, Gizmodo) and message boards (Craigslist) to social media sites (Facebook, Twitter, YouTube, Instagram, Snapchat, LinkedIn) and even communal shopping sites (Amazon.com and Etsy). These online forms of consumer-to-consumer and business-to-consumer dialogue have big implications for marketers.

Marketers are working to harness the power of these new social networks and other "word-of-web" opportunities to promote their products and build closer customer relationships. Instead of throwing more one-way commercial messages at consumers, they hope to use digital, mobile, and social media to become an interactive part of consumers' conversations and lives.

For example, Red Bull has an astounding 44 million friends on Facebook; Twitter and Facebook are the primary ways it communicates with college students. ● Dunkin' Donuts uses Vine personality Logan Paul to promote its Dunkin' Donuts app and DD Perks loyalty program with posts on Vine and other social media. As it turns out, Paul is a genuine Dunkin' Donuts fan, so the brand lets him figure out what to say to his more than 8.7 million Vine followers, 5.4 million Facebook fans, 2.4 million followers on Instagram, and 615 followers on Twitter.[12]

Other marketers are working to tap the army of self-made influencers already plying the internet—independent bloggers. Believe it or not, there are now almost as many people making a living as bloggers as there are lawyers. The key is to find bloggers who have strong networks of relevant readers, a credible voice, and a good fit with the brand.

● **Harnessing the power of online social networking:** Dunkin' Donuts uses Vine personality Logan Paul to promote its Dunkin' Donuts app and DD Perks loyalty program with posts on Vine and other social media.

Courtesy Logan Paul

Even Bermuda uses social media extensively. The Bermuda Tourism Authority maintains Facebook, Instagram, Pinterest, Twitter, YouTube, and other social media pages; two mobile apps, including the Bermuda's Very Own Mobile Events App; and a Discovering Bermuda blog featuring "Posts from Paradise." It also hires popular users of social media such as Instagram and trendy Tastemade—which features quirky videos about restaurants—to the island and urges them to post about their visits.[13]

We will dig deeper into online and social media as marketing tools in Chapter 17. However, although much current talk focuses on the digital, mobile, and social media, most brand conversations still take place the old-fashioned way—face to face. So effective word-of-mouth marketing programs usually begin with generating person-to-person brand conversations and integrating both offline and online social influence strategies. The goal is to get customers involved with brands and then help them share their brand passions and experiences with others in both their real and digital worlds. Consider Chubbies:[14]

Chubbies is a small but trendy and fast-growing startup that targets young men with a line of "anti-cargo shorts" (and a retro 5 1/2-inch inseam). Until recently, the brand marketed itself only through its social media presence. Avid Chubsters actively swap influence via pictures, videos, and stories on YouTube, Facebook, Twitter, Instagram, Pinterest, and the Chubbies website and ChubsterNation blog. But now, Chubbies is building an army of face-to-face influencers in the form of 140 student ambassadors at college campuses across the country. The ambassadors—what Chubbies calls its "badass crew of thigh-liberating patriots"—spread the Chubster manifesto that "We don't do pants. We don't do cargos. We don't do capris. We do shorts and only shorts." "Pants are for work," they preach. Chubbies "are for having fun, or jumping off rocks, or playing beer pong, or climbing Everest." The ambassadors personally rally the faithful at tailgate parties and other campus events, expanding the ChubsterNation and sparking even more word of mouth for the irreverent brand.

Family

Family members can strongly influence buyer behavior. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services.

Husband–wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles. For example, in the United States, the wife traditionally has been considered the main purchasing agent for the family in the areas of food, household products, and clothing. But with 71 percent of all mothers now working outside the home and the willingness of husbands to do more of the family's purchasing, all this has changed in recent years. Recent surveys show that 41 percent of men are now the primary grocery shoppers in their households, 39 percent handle most of their household's laundry, and about one-quarter say they are responsible for all of their household's cooking. At the same time, today women outspend men three to two on new technology purchases and influence more than 80 percent of all new car purchases.[15]

Such shifting roles signal a new marketing reality. Marketers in industries that have traditionally sold their products to only women or only men—from groceries and personal care products to cars and consumer electronics—are now carefully targeting the opposite sex. Other companies are showing their products in "modern family" contexts. For example, one General Mills ad shows a father packing Go-Gurt yogurt in his son's lunch as the child heads off to school in the morning, with the slogan "Dads who

get it, get Go-Gurt." And a recent General Mills "How to Dad" campaign for Cheerios presents a dad as a multitasking superhero around the house, a departure from the bumbling dad stereotypes often shown in food ads. This dad does all the right things, including feeding this children healthy Cheerios breakfasts. "Being a dad is awesome," he proclaims in one ad. "Just like Cheerios are awesome. That's why it's the Official Cereal of Dadhood."[16]

Children also have a strong influence on family buying decisions. The nation's kids and tweens influence up to 80 percent of all household purchases, to the tune of $1.2 trillion of spending annually. ● In one recent survey, parents with teens reported that their children weigh in heavily on everything from where they eat out (95 percent) and take vacations (82 percent) to what mobile devices they use (63 percent) and cars they buy (45 percent).[17]

Roles and Status

A person belongs to many groups—family, clubs, organizations, online communities. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the people around them. Each role carries a status reflecting the general esteem given to it by society.

People usually choose products appropriate to their roles and status. Consider the various roles a working mother plays. In her company, she may play the role of a brand manager; in her family, she plays the role of wife and mother; at her favorite sporting events, she plays the role of avid fan. As a brand manager, she will buy the kind of clothing that reflects her role and status in her company. At the game, she may wear clothing supporting her favorite team.
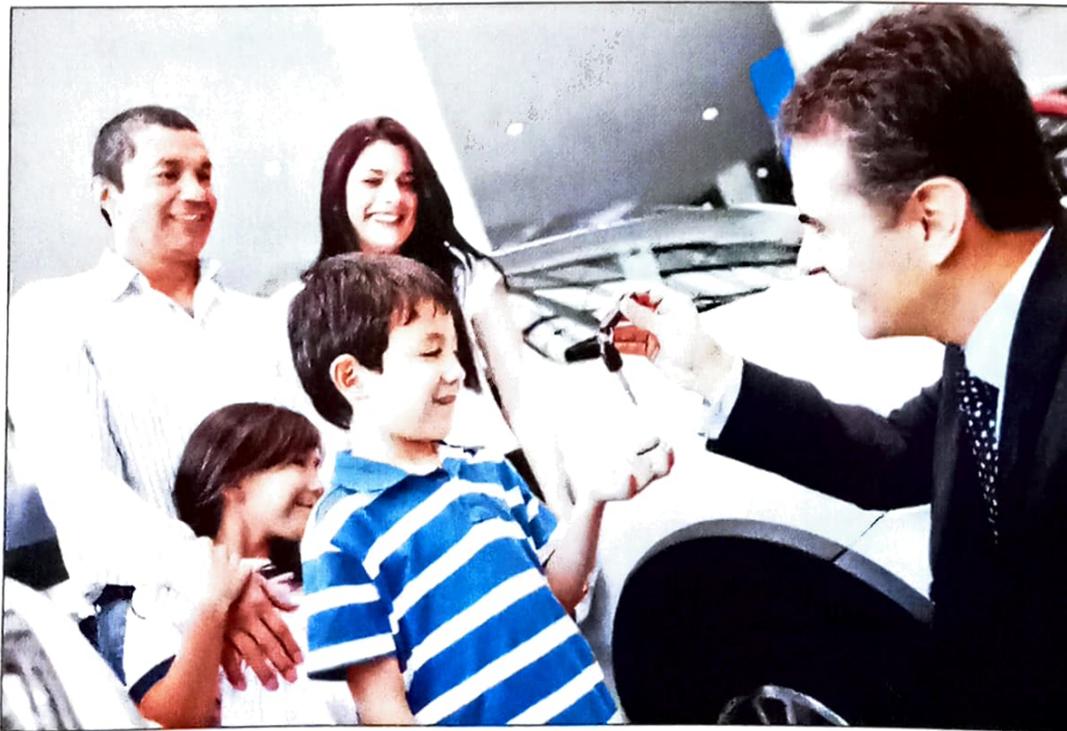
● **Family buying influences: Children may weigh in heavily on family purchases for everything from restaurants and vacation destinations to mobile devices and even car purchases.**

Andres Rodriguez/123RF

Personal Factors

A buyer's decisions also are influenced by personal characteristics such as the buyer's *occupation, age and life-cycle stage, economic situation, lifestyle,* and *personality and self-concept.*

Occupation

A person's occupation affects the goods and services bought. Blue-collar workers tend to buy more rugged work clothes, whereas executives buy more business suits. Marketers try to identify the occupational groups that have an above-average interest in their products and services. A company can even specialize in making products needed by a given occupational group. For example, Red Kap makes rugged, durable work clothes and uniform apparel for the automotive and construction industries. Since 1923, the brand has lived up to its "Done Right" slogan—it makes "Workwear Built Better." According to the company, "If there's a secret to our success, it's the quality time our design team spends in the garage. That's where our best ideas are born. Where working prototypes are tested, fine-tuned, and tested again. The result? Top-grade [workwear] that any serious gearhead can actually feel good about wearing. Comfortable, long-lasting favorites that stand up to hard days, greasy nights, and everything in between."[18]

● Appealing to occupation segments: Red Kap makes rugged, durable work clothes and uniform apparel for the automotive and construction industries.
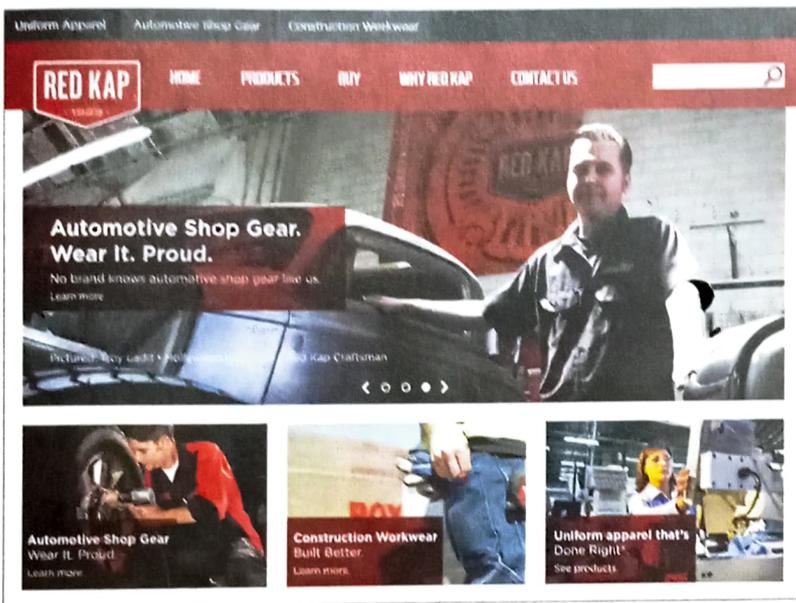
VF Corporation

Age and Life Stage

People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Life-stage changes usually result from demographics and life-changing events—marriage, having children, purchasing a home, divorce, children going to college, changes in personal income, moving out of the house, and retirement. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage.

One of the leading life-stage segmentation systems is the Nielsen PRIZM Lifestage Groups system. PRIZM classifies every American household into one of 66 distinct life-stage segments, which are organized into 11 major life-stage groups based on affluence, age, and family characteristics. The classifications consider a host of demographic factors such as age, education, income, occupation, family composition, ethnicity, and housing, and behavioral and lifestyle factors such as purchases, free-time activities, and media preferences.

The major PRIZM Lifestage groups carry names such as "Striving Singles," "Midlife Success," "Young Achievers," "Sustaining Families," "Affluent Empty Nests," and "Conservative Classics," which in turn contain subgroups such as "Brite Lites, Li'l City," "Kids & Cul-de-Sacs," "Gray Power," and "Big City Blues." The "Young Achievers" group consists of hip, single 20-somethings who rent apartments in or close to metropolitan neighborhoods. Their incomes range from working class to well-to-do, but the entire group tends to be politically liberal, listen to alternative music, and enjoy lively nightlife.[19]

Life-stage segmentation provides a powerful marketing tool for marketers in all industries to better find, understand, and engage consumers. Armed with data about the makeup of consumer life stages, marketers can create targeted, actionable, personalized campaigns based on how people consume and interact with brands and the world around them.

Economic Situation

A person's economic situation will affect his or her store and product choices. Marketers watch trends in spending, personal income, savings, and interest rates. In today's more value-conscious times, most companies have taken steps to create more customer value by redesigning, repositioning, and repricing their products and services. For example, upscale discounter Target has put more emphasis on the "Pay Less" side of its "Expect More. Pay Less." positioning promise.
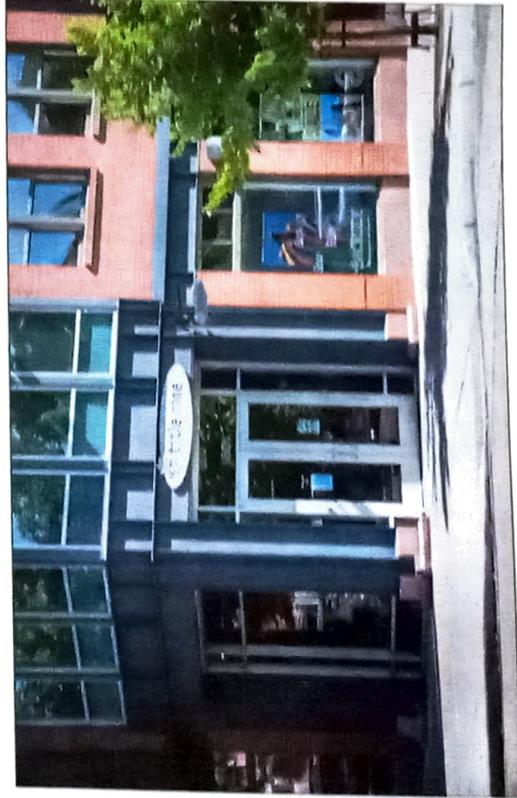
Similarly, in line with worldwide economic trends, smartphone makers who once offered only premium-priced phones are now offering lower-priced models for consumers born at home and in the world's emerging economies. Microsoft's Nokia division has targeted emerging markets with lower-end Lumia models priced well under $100 and Apple is rumored to be introducing a lower-priced version of its iPhone. As more affluent Western markets have become saturated and more competitive, the companies hope that their lower-priced phones will help them to compete effectively in less affluent Eastern markets such as China and Southeast Asia against low-cost smartphone makers such as Chinese giant Xiaomi.[5]

Lifestyle

People coming from the same subculture, social class, and occupation may have quite different lifestyles. **Lifestyle** is a person's pattern of living as expressed in his or her psychographics. It involves measuring consumers' major AIO dimensions—activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). Lifestyle captures something more than the person's social class or personality. It profiles a person's whole pattern of acting and interacting in the world.

When used carefully, the lifestyle concept can help marketers understand changing consumer values and how they affect buyer behavior. Consumers don't just buy products; they buy the values and lifestyles those products represent. For example, Title Nine markets much more than just women's apparel.

Title Nine is the federal act that helped end gender discrimination in high school and collegiate sports. The Title Nine clothing brand—with its work-hard-play-hard style—celebrates women's participation and achievement in sports and fitness, "We are evangelical about women's participation in sports and fitness," says the Title Nine founder. Through social media (its catalog and blog with stories of strong, confident, and active women) and its sprawling retail presence, Title Nine is much more than just women apparel.

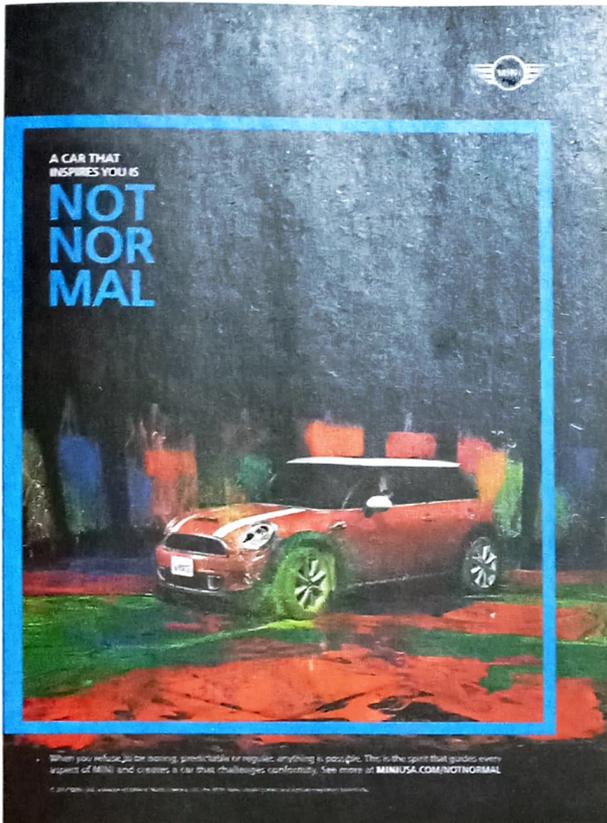Title Nine markets lifestyle segments with needs that can be served through specific products or marketing approaches. Such segments might be defined by age, lifecycle stage, family characteristics, or outdoor interests to the foods people eat.

Personality and Self-Concept

Each person's distinct personality influences his or her buying behavior. **Personality** refers to the unique psychological characteristics that distinguish a person or group. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy,

Lifestyles: Title Nine markets much more than just women's apparel. It sells the T9 sports participation and activities lifestyle of "ordinary women capable of extraordinary things."
Photograph by Virginia Nowell

● Brand personality: MINI markets to personality segments of people who are "adventurous, individualistic, open-minded, creative, tech-savvy, and young at heart"—anything but "normal"—just like the car.

Used with permission of MINI Division of BMW of North America, LLC

defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain product or brand choices.

The idea is that brands also have personalities, and consumers are likely to choose brands with personalities that match their own. A *brand personality* is the specific mix of human traits that may be attributed to a particular brand. One researcher identified five brand personality traits: *sincerity* (down-to-earth, honest, wholesome, and cheerful), *excitement* (daring, spirited, imaginative, and up-to-date), *competence* (reliable, intelligent, and successful), *sophistication* (glamorous, upper class, charming), and *ruggedness* (outdoorsy and tough). "Your personality determines what you consume, what TV shows you watch, what products you buy, and [most] other decisions you make," says one consumer behavior expert.[21]

Most well-known brands are strongly associated with a particular trait: the Ford F150 with "ruggedness," Apple with "excitement," the *Washington Post* with "competence," Method with "sincerity," and Gucci with "class and sophistication." Many brands build their positioning and brand stories around such traits.

Many marketers use a concept related to personality—a person's *self-concept* (also called *self-image*). The idea is that people's possessions contribute to and reflect their identities—that is, "we are what we consume." Thus, to understand consumer behavior, marketers must first understand the relationship between consumer self-concept and possessions.

Hence, brands will attract people who are high on the same personality traits. ● For example, the MINI automobile has an instantly recognizable personality as a clever and sassy but powerful little car. MINI owners—who sometimes call themselves "MINIacs"—have a strong and emotional connection with their cars. More than targeting specific demographic segments, MINI appeals to personality segments—to people who are "adventurous, individualistic, open-minded, creative, tech-savvy, and young at heart," just like the car.[22]

Psychological Factors

A person's buying choices are further influenced by four major psychological factors: *motivation*, *perception*, *learning*, and *beliefs and attitudes*.

Motivation

A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, or discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A **motive (or drive)** is a need that is sufficiently pressing to direct the person to seek satisfaction. Psychologists have developed theories of human motivation. Two of the most popular—the theories of Sigmund Freud and Abraham Maslow—carry quite different meanings for consumer analysis and marketing.

Sigmund Freud assumed that people are largely unconscious about the real psychological forces shaping their behavior. His theory suggests that a person's buying decisions are affected by subconscious motives that even the buyer may not fully understand. Thus, an aging baby boomer who buys a sporty BMW convertible might explain that he simply likes the feel of the wind in his thinning hair. At a deeper level, he may be trying to impress others with his success. At a still deeper level, he may be buying the car to feel young and independent again.

Consumers often don't know or can't describe why they act as they do. Thus, many companies employ teams of psychologists, anthropologists, and other social scientists to carry out *motivation research* that probes the subconscious motivations underlying consumers' emotions and behaviors toward brands. One ad agency routinely conducts one-on-one,

Motive (drive)
A need that is sufficiently pressing to direct the person to seek satisfaction of the need.

with its Heart to Heart brand. The Heart to Heart brand was made of 100% Australian whole grain oats that would help its users to reduce cholesterol levels in their body. In 2011, Kellogg's Chocos were re-introduced in an all new avatar as a product that contained "whole grain" trying to re-establish the fact that Kellogg's was a healthy choice to make. The firm signed on Karishma Kapoor, a successful Bollywood diva of 90's, who made her comeback to films in 2012, a Young mother and a successful working woman, as the new brand ambassador.

An Understanding of the breakfast and eating habits of Indian consumers and developing a marketing-mix as per their needs have helped Kellogg's to reach ₹500 crore mark in the Indian market. India-centric innovations, intensifying the distribution (and not concentrating only on advertising), and offering innovative and affordable single-serve packs have attracted new customers to Kellog... confirms the age old belief in Marketi... at a marketer must understand and respect the consumer expectations and offer its marketing-mix accordingly.
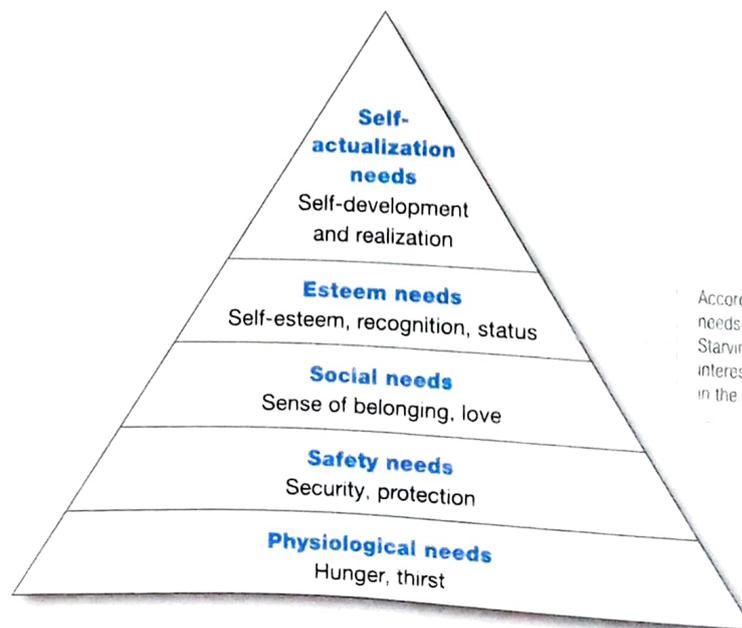
Sources: Malaviya Sagar and Ratna Bhushan, The Economic Times, ET Bureau, December 2?, 2013 in http www.economictimes.indiatimes.com (Accessed on December 31, 2013), http://jpkc.swule.edu.cn/english ib/jiaoxueanliying/kellogg-MNC in India.htm (accessed on January 13, 2014), Nair-Ghaswalla Amrita, "Of Hot Breakfast and Dust Jackets" in www.thehindubusinessline.com/features/brandline (Accessed on January 9, 2014), Bhushan Ratna and Malaviya Sagar, " Cereal Maker Kellogg Hires 4 From Rival as Key Sales Dir The Economic Times, ET Bureau, January 19, 2013 in http://www.economictimes.indiatimes.com (Accessed on December 31, 2013), Baroke Simone, "Indian Breakfasts: Thumbs up for Healthy Hot and Savoury Euromonitor, September 26, 2013, http://blogs.hbr.org/2012/05/are-you-targeting-a-phantom in/ (Accessed on January 4, 2014), http://www.icmrindia.org/free%20resources/casestudies/Marketing%20freecas estudyp2.htm (Accessed on January 4, 2014), http://www.kelloggs.com/en_US/our-brands.html (Accessed on January 1, 2014) and http://www.researchersworld.com/vol3/issue3/vol3_issue3_3/Paper_09.pdf (Accessed on January 4, 2014)

therapy-like interviews to delve the inner workings of consumers. Another company asks consumers to describe their favorite brands as animals or cars (say, a Mercedes versus a Chevy) to assess the prestige associated with various brands. Still others rely on hypnosis, dream therapy, or soft lights and mood music to plumb the murky depths of consumer psyches.

Such projective techniques might seem pretty goofy, and some marketers dismiss such motivation research as mumbo jumbo. But many marketers use such touchy-feely approaches, now sometimes called *interpretive consumer research*, to dig deeper into consumer psyches and develop better marketing strategies.

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Why does one person spend a lot of time and energy on personal safety and another on gaining the esteem of others? Maslow's answer is that human needs are arranged in a hierarchy, as shown in ● **Figure 5.3**, from the most pressing at the bottom to the least pressing at the top.[23] They include *physiological* needs, *safety* needs, *social* needs, *esteem* needs, and *self-actualization* needs.

● FIGURE | 5.3
Maslow's Hierarchy of Needs

Self-actualization needs
Self-development and realization

Esteem needs
Self-esteem, recognition, status

Social needs
Sense of belonging, love

Safety needs
Security, protection

Physiological needs
Hunger, thirst

According to Maslow, human needs are arranged in a hierarchy. Starving people will take little interest in the latest happenings in the art world.

... and is satisfied, it
... the next most important
... take an interest in the
... you in how they are seen or
... whether they are breathing clean
... need the next most important need
...

Perception

A motivated person is ready to act. How the person acts is influenced by his or her own perception of the situation. All of us learn by the flow of information through our five senses—sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way. **Perception** is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

People can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. People are exposed to a great amount of stimuli every day. For example, individuals are exposed to an estimated 3,000 to 5,000 ad messages daily—from TV and magazine ads to billboards to social media ads and posts on their smartphones.[24] People can't possibly pay attention to all the competing stimuli surrounding them. *Selective attention*—the tendency for people to screen out most of the information to which they are exposed—means that marketers must work especially hard to attract the consumer's attention.

Even noticed stimuli do not always come across in the intended way. Each person fits incoming information into an existing mindset. *Selective distortion* describes the tendency of people to interpret information in a way that will support what they already believe. People also will forget much of what they learn. They tend to retain information that supports their attitudes and beliefs. *Selective retention* means that consumers are likely to remember good points made about a brand they favor and forget good points made about competing brands. Because of selective attention, distortion, and retention, marketers must work hard just to get their messages through.

Interestingly, although most marketers worry about whether their offers will be perceived at all, some consumers worry that they will be affected by marketing messages without even knowing it—through *subliminal advertising*. More than 50 years ago, a researcher announced that he had flashed the phrases "Eat popcorn" and "Drink Coca-Cola" on a screen in a New Jersey movie theater every five seconds for 1/300th of a second. He reported that although viewers did not consciously recognize these messages, they absorbed them subconsciously and bought 58 percent more popcorn and 18 percent more Coke. Suddenly advertisers and consumer-protection groups became intensely interested in subliminal perception. Although the researcher later admitted to making up the data, the issue has not died. Some consumers still fear that they are being manipulated by subliminal messages.

Numerous studies by psychologists and consumer researchers have found little or no link between subliminal messages and consumer behavior. Recent brain-wave studies have found that in certain circumstances, our brains may register subliminal messages. However, it appears that subliminal advertising simply doesn't have the power attributed to it by its critics.[25] ● One classic ad from the American Association of Advertising Agencies pokes fun at subliminal advertising. "So-called 'subliminal advertising' simply doesn't exist," says the ad. "Overactive imaginations, however, most certainly do."

PEOPLE HAVE BEEN TRYING TO FIND THE BREASTS IN THESE ICE CUBES SINCE 1957.

ADVERTISING

● This classic ad from the American Association of Advertising Agencies pokes fun at subliminal advertising. "So-called 'subliminal advertising' simply doesn't exist," says the ad. "Overactive imaginations, however, most certainly do."

American Association of Advertising Agencies

Learning

Changes in an individual's behavior arising from experience.

Belief

A descriptive thought that a person holds about something.

Attitude

A person's consistently favorable or unfavorable evaluations, feelings, and tendencies toward an object or idea.

Learning

When people act, they learn. **Learning** describes changes in an individual's behavior arising from experience. Learning theorists say that most human behavior is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

A drive is a strong internal stimulus that calls for action. A drive becomes a motive when it is directed toward a particular *stimulus object*. For example, a person's drive for self-actualization might motivate him or her to look into buying a camera. The consumer's response to the idea of buying a camera is conditioned by the surrounding *cues*. Cues are minor stimuli that determine when, where, and how the person responds. The camera buyer might spot several camera brands in a shop window, hear of a special sale price, or discuss cameras with a friend. These are all cues that might influence a consumer's response to his or her interest in buying the product.

Suppose the consumer buys a Nikon camera. If the experience is rewarding, the consumer will probably use the camera more and more, and his or her response will be reinforced. Then the next time he or she shops for a camera, or for binoculars or some similar product, the probability is greater that he or she will buy a Nikon product. The practical significance of learning theory for marketers is that they can build up demand for a product by associating it with strong drives, using motivating cues, and providing positive reinforcement.

Beliefs and Attitudes

Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behavior. A **belief** is a descriptive thought that a person holds about something. Beliefs may be based on real knowledge, opinion, or faith and may or may not carry an emotional charge. Marketers are interested in the beliefs that people formulate about specific products and services because these beliefs make up product and brand images that affect buying behavior. If some of the beliefs are wrong and prevent purchase, the marketer will want to launch a campaign to correct them.

People have attitudes regarding religion, politics, clothes, music, food, and almost everything else. **Attitude** describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea. Attitudes put people into a frame of mind of liking or disliking things, of moving toward or away from them. Our camera buyer may hold attitudes such as "Buy the best," "The Japanese make the best camera products in the world," and "Creativity and self-expression are among the most important things in life." If so, the Nikon camera would fit well into the consumer's existing attitudes.

Attitudes are difficult to change. A person's attitudes fit into a pattern, changing one attitude may require difficult adjustments in many others. Thus, a company should usually try to fit its products into existing attitude patterns rather than attempt to change attitudes. Of course, there are exceptions. Repositioning or extending a brand calls for changing attitudes. For example, consider the Jimmy Dean brand:

When you think of Jimmy Dean, a Tyson Foods brand, you probably think of sausage and other breakfast items, and for good reason. Jimmy Dean captures a 53 percent share of the frozen hand-held breakfast foods segment and a 46 percent share of the frozen breakfast entree segment. So when the brand recently introduced a line of lunch and dinner items, it knew it would have to change existing attitudes. The new items include pulled pork, smoked turkey, beef, and smoked marketed under a Jimmy Dean Delights added and offerings with 300 or fewer calories.

To change consumer attitudes—Jimmy Dean launched an estimated $20 million "It's not just for breakfast anymore" marketing campaign featuring its familiar sun-costumed character and telling consumers that Jimmy Dean Delights are a better option. "It just felt like such a natural evolution for the sun to keep shining all day long, and to go from waking morning to morning noon and evening night as Dean's most recent marketing campaign. Shine On." However, the campaign builds on the sunny-day thing.

We can now appreciate the many forces acting on consumer behavior. The consumer's choice results from the complex interplay of cultural, social, personal, and psychological factors.

Buying Decision Behavior and the Buyer Decision Process

Types of Buying Decision Behavior

Buying behavior differs greatly for a tube of toothpaste, a smartphone, financial services, and a new car. More complex decisions usually involve more buying participants and more buyer deliberation. ● **Figure 5.4** shows the types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands.

Complex Buying Behavior

Complex buying behavior
Consumer buying behavior in situations characterized by high consumer involvement in a purchase and significant perceived differences among brands.

Consumers undertake **complex buying behavior** when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. Typically, the consumer has much to learn about the product category. For example, someone buying a new car might not know what models, attributes, and accessories to consider or what prices to expect.

This buyer will pass through a learning process, first developing beliefs about the product, then attitudes, and then make a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behavior of high-involvement consumers. They need to help buyers learn about product-class attributes and their relative importance. They need to differentiate their brand's features, perhaps by describing and illustrating the brand's benefits through printed promotional materials or in-depth online information and videos. They must motivate store salespeople and the buyer's acquaintances to influence the final brand choice.

Dissonance-Reducing Buying Behavior

Dissonance-reducing buying behavior
Consumer buying behavior in situations characterized by high involvement but few perceived differences among brands.
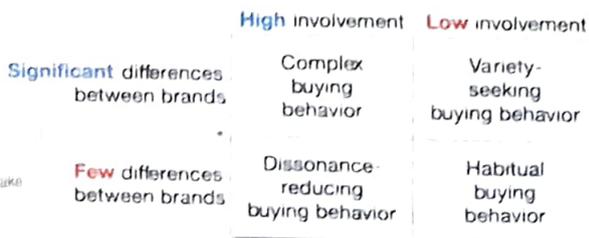
Dissonance-reducing buying behavior occurs when consumers are highly involved with an expensive, infrequent, or risky purchase but see little difference among brands. For example, consumers buying carpeting may face a high-involvement decision because carpeting is expensive and self-expressive. Yet buyers may consider most carpet brands in a given price range to be the same. In this case, because perceived brand differences are not large, buyers may shop around to learn what is available but buy relatively quickly. They may respond primarily to a good price or purchase convenience.

After the purchase, consumers might experience *postpurchase dissonance* (after-sale discomfort) when they notice certain disadvantages of the purchased carpet brand or hear favorable things about brands not purchased. To counter such dissonance, the marketer's after-sale communications should provide evidence and support to help consumers feel good about their brand choices.

Habitual Buying Behavior

Habitual buying behavior
Consumer buying behavior in situations characterized by low consumer involvement and few significant perceived brand differences.
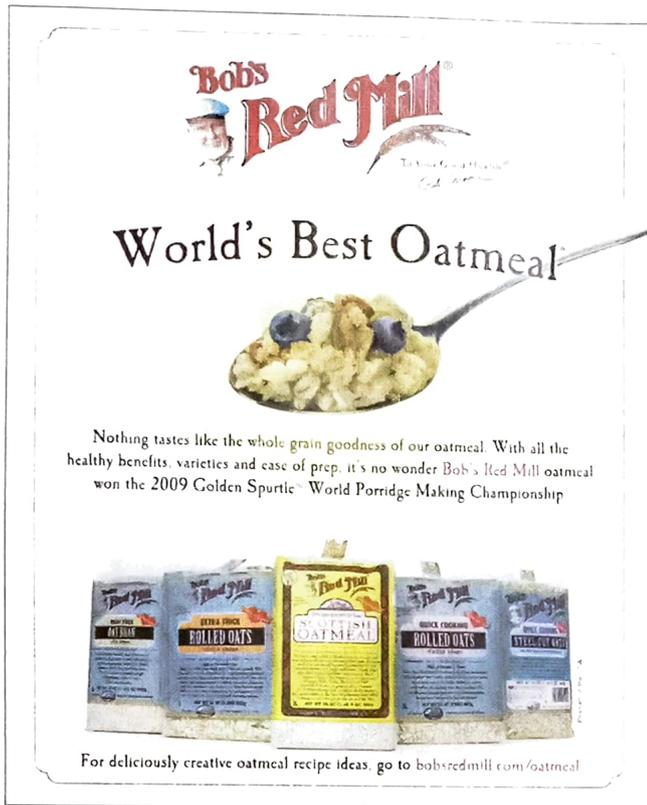
Habitual buying behavior occurs under conditions of low-consumer involvement and little significant brand difference. For example, take table salt. Consumers have little involvement in this product category—they simply go to the store and reach for a brand. If they keep reaching for the same brand, it is out of habit rather than strong brand loyalty. Consumers appear to have low involvement with most low-cost, frequently purchased products.

● FIGURE | 5.4
Four Types of Buying Behavior

Source Adapted from Henry Assael, *Consumer Behavior and Marketing Action* (Boston: Kent Publishing Company, 1987), p. 87. Used with permission of the author.

Buying behavior varies greatly for different types of products. For example, someone buying a new car might undertake a full information gathering and brand evaluation process.

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior

At the other extreme, for low involvement products, consumers may simply select a familiar brand out of habit. For example, what brand of salt do you buy and why?

Bob's Red Mill

World's Best Oatmeal

Nothing tastes like the whole grain goodness of our oatmeal. With all the healthy benefits, varieties and ease of prep, it's no wonder Bob's Red Mill oatmeal won the 2009 Golden Spurtle World Porridge Making Championship

For deliciously creative oatmeal recipe ideas, go to bobsredmill.com/oatmeal

● **To raise involvement, Bob's Red Mill adds an "honest-to-goodness" touch, using only the best whole grains and time-honored stone mill production processes.**

Photo Courtesy of Bob's Red Mil

Variety-seeking buying behavior
Consumer buying behavior in situations characterized by low consumer involvement but significant perceived brand differences.

The buying process starts long before the actual purchase and continues long after. Therefore, marketers must focus on the entire buying process, not just the purchase decision.

In such cases, consumer behavior does not [pass] through the usual belief-attitude-behavior sequence. Consumers [do] not search extensively for information about the brands, eval[uate] and char[acteristics], and make weighty decisions about whic[h] [bra]nds to buy. Because they are not highly involved with the pr[oduct], consumers may not evaluate the choice, even after purchase. [Thus], the buying process involves brand beliefs formed by pass[ive learning, fol]lowed by purchase behavior, which may or may no[t be] followed by evaluation.

Because buyers are not highly committed to any brands, marketers of low-involvement products with few brand differences often use price and sales promotions to promote buying. Alternatively, they can add product features or enhancements to differentiate their brands from the rest of the pack and raise involvement.

For example, take something as seemingly uncomplicated as wheat flour or oatmeal. To set its brand apart, Bob's Red Mill adds an "honest-to-goodness" touch to all of the baking, grain, and cereal products it makes, using only the best nutritional whole grains and time-honored stone mill production processes. Bob's Red Mill doesn't sell just plain old flour. It offers "America's Best Baking Flours," nine varieties of differentiated wheat flours, ranging from Unbleached White Fine Pastry Flour and Super-Fine Cake Flour to 100% Whole Grain Organic Ivory Wheat flour. ● The same goes for its oatmeal—billed as the World's Best Oatmeal—with 24 varieties ranging from Extra Thick Rolled Oats to High Fiber Oat Bran hot cereal to Organic Scottish Oatmeal.

Variety-Seeking Buying Behavior

Consumers undertake **variety-seeking buying behavior** in situations characterized by low consumer involvement but significant perceived brand differences. In such cases, consumers often do a lot of brand switching. For example, when buying cookies, a consumer may hold some beliefs, choose a cookie brand without much evaluation, and then evaluate that brand during consumption. But the next time, the consumer might pick another brand out of boredom or simply to try something different. Brand switching occurs for the sake of variety rather than because of dissatisfaction.

In such product categories, the marketing strategy may differ for the market leader and minor brands. The market leader will try to encourage habitual buying behavior by dominating shelf space, keeping shelves fully stocked, and running frequent reminder advertising. Challenger firms will encourage variety seeking by offering lower prices, special deals, coupons, free samples, and advertising that presents reasons for trying something new.

The Buyer Decision Process

Now that we have looked at the influences that affect buyers, we are ready to look at how consumers make buying decisions. ● **Figure 5.5** shows that the buyer decision process consists of five stages: *need recognition, information search, evaluation of alternatives, the purchase decision,* and *postpurchase behavior.* Clearly, the buying process starts long before the actual purchase and continues long after. Marketers need to focus on the entire buying process rather than on the purchase decision only.

Need recognition → Information search → Evaluation of alternatives → Purchase decision → Postpurchase behavior
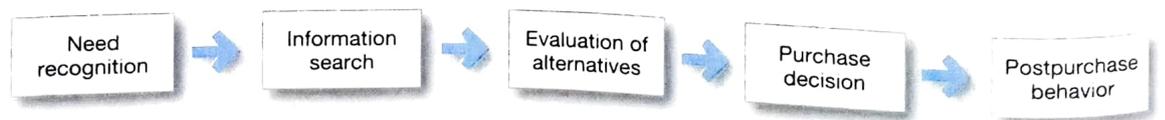
● FIGURE | 5.5
Buyer Decision Process

Figure ... purchase in a considered ... through the buying decision pro cess. And in ... or reverse some of the stages. Much depends on ... and the buying situation. A person buying ... need and go right to the pur chase decision, skipping ... However, we use the model in Figure 5.5 because ... all the considerations that arise when a consumer faces a new and complex purchase situation.

Need Recognition

Need recognition
The first stage of the buyer decision process, in which the consumer recognizes a problem or need.

The buying process starts with **need recognition**—the buyer recognizes a problem or need. The need can be triggered by *internal stimuli* when one of the person's normal needs—for example, hunger or thirst—rises to a level high enough to become a drive. A need can also be triggered by *external stimuli*. For example, an advertisement or a discussion with a friend might get you thinking about buying a new car. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product.

Information Search

Information search
The stage of the buyer decision process in which the consumer is motivated to search for more information.

An interested consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, he or she is likely to buy it then. If not, the consumer may store the need in memory or undertake an **information search** related to the need. For example, once you've decided you need a new car, at the least, you will probably pay more attention to car ads, cars owned by friends, and car conversations. Or you may actively search online, talk with friends, and gather information in other ways.

Consumers can obtain information from any of several sources. These include *personal sources* (family, friends, neighbors, acquaintances), *commercial sources* (advertising, salespeople, dealer and manufacturer web and mobile sites, packaging, displays), *public sources* (mass media, consumer rating organizations, social media, online searches and peer reviews), and *experiential sources* (examining and using the product). The relative influence of these information sources varies with the product and the buyer.

Traditionally, consumers have received the most information about a product from commercial sources—those controlled by the marketer. The most effective sources, however, tend to be personal. Commercial sources normally *inform* the buyer, but personal sources *legitimize* or *evaluate* products for the buyer. Few advertising campaigns can be as effective as a next-door neighbor leaning over the fence and raving about a wonderful experience with a product you are considering.

Increasingly, that "neighbor's fence" is a digital one. Today, consumers share product opinions, images, and experiences freely across social media. And buyers can find an abundance of user-generated reviews alongside the products they are considering at sites ranging from Amazon.com or BestBuy.com to Yelp, TripAdvisor, and Epicurious. ● For example, Yelp's goal is "to connect people with great local businesses" by maintaining a huge, searchable collection of candid reviews from people who've used those businesses. Over the past decade, Yelpers have written more than 90 million reviews of local restaurants, service business, arts and entertainment activities, and other service in cities across the nation. The site receives some 89 million unique visitors per month

● Yelp's goal is "to connect people with great local businesses" by collecting "Real People. Real Reviews." from people who've actually used those businesses.
Yelp Inc

seeking reviews and ratings.[27] Although individual user reviews at Yelp and other sites vary widely in quality, an entire body of reviews often provides a reliable product assessment—straight from the fingertips of people like you who've actually purchased and experienced the product.

As more information is obtained, the consumer's awareness and knowledge of the available brands and features increase. In your car information search, you may learn about several brands that are available. The information might also help you to drop certain brands from consideration. A company must design its marketing mix to make prospects aware of and knowledgeable about its brand. It should carefully identify consumers' sources of information and the importance of each source.

Evaluation of Alternatives

Alternative evaluation

The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set.

We have seen how consumers use information to arrive at a set of final brand choices. Next, marketers need to know about **alternative evaluation**, that is, how consumers process information to choose among alternative brands. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations. Instead, several evaluation processes are at work.

How consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating. Instead, they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, online reviews, or salespeople for buying advice.

Suppose you've narrowed your car choices to three brands. And suppose that you are primarily interested in four attributes—price, style, operating economy, and performance. By this time, you've probably formed beliefs about how each brand rates on each attribute. Clearly, if one car rated best on all the attributes, the marketer could predict that you would choose it. However, the brands will no doubt vary in appeal. You might base your buying decision mostly on one attribute, and your choice would be easy to predict. If you wanted style above everything else, you would buy the car that you think has the most style. But most buyers consider several attributes, each with different importance. By knowing the importance that you assigned to each attribute, the marketer could predict and affect your car choice more reliably.

Marketers should study buyers to find out how they actually evaluate brand alternatives. If marketers know what evaluative processes go on, they can take steps to influence the buyer's decision.

Purchase Decision

Purchase decision

The buyer's decision about which brand to purchase.

In the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, the consumer's **purchase decision** will be to buy the most preferred brand, but two factors can come between the purchase *intention* and the purchase *decision*. The first factor is the *attitudes of others*. If someone important to you thinks that you should buy the lowest-priced car, then the chances of you buying a more expensive car are reduced.

The second factor is *unexpected situational factors*. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. For example, the economy might take a turn for the worse, a close competitor might drop its price, or a friend might report being disappointed in your preferred car. Thus, preferences and even purchase intentions do not always result in an actual purchase choice.

Postpurchase Behavior

Postpurchase behavior

The stage of the buyer decision process in which consumers take further action after purchase, based on their satisfaction or dissatisfaction.

The marketer's job does not end when the product is bought. After purchasing the product, the consumer will either be satisfied or dissatisfied and will engage in **postpurchase behavior** of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the *consumer's expectations* and the product's *perceived performance*. If the product falls short of expectations, the consumer is disappointed; if it meets expectations,

● Postpurchase cognitive dissonance: Postpurchase customer satisfaction is a key to building profitable customer relationships. Most marketers go beyond merely *meeting* the customer expectations—they aim to *delight* customers.

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Cognitive dissonance
Buyer discomfort caused by postpurchase conflict.

the consumer is satisfied; if it exceeds expectations, the consumer is delighted. The larger the negative gap between expectations and performance, the greater the consumer's dissatisfaction. This suggests that sellers should promise only what their brands can deliver so that buyers are satisfied.

Almost all major purchases, however, result in **cognitive dissonance**, or discomfort caused by postpurchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. So consumers feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus, consumers feel at least some postpurchase dissonance for every purchase.

Why is it so important to satisfy the customer? Customer satisfaction is a key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. ● Many marketers go beyond merely *meeting* the expectations of customers—they aim to *delight* customers.

A dissatisfied consumer responds differently. Bad word of mouth often travels farther and faster than good word of mouth. It can quickly damage consumer attitudes about a company and its products. But companies cannot simply wait for dissatisfied customers to volunteer their complaints. Most unhappy customers never tell the company about their problems. Therefore, a company should measure customer satisfaction regularly. It should set up systems that *encourage* customers to complain. In this way, the company can learn how well it is doing and how it can improve.

By studying the overall buyer decision process, marketers may be able to find ways to help consumers move through it. For example, if consumers are not buying a new product because they do not perceive a need for it, marketing might launch advertising messages that trigger the need and show how the product solves customers' problems. If customers know about the product but are not buying because they hold unfavorable attitudes toward it, marketers must find ways to change either the product or consumer perceptions.

New product
A good, service, or idea that is perceived by some potential customers as new.

Adoption process
The mental process through which an individual passes from first hearing about an innovation to final adoption.

The Buyer Decision Process for New Products

We now look at how buyers approach the purchase of new products. A **new product** is a good, service, or idea that is perceived by some potential customers as new. It may have been around for a while, but our interest is in how consumers learn about products for the first time and make decisions on whether to adopt them. We define the **adoption process** as the mental process through which an individual passes from first learning about an innovation to final adoption. *Adoption* is the decision by an individual to become a regular user of the product.[28]

Stages in the Adoption Process

Consumers go through five stages in the process of adopting a new product:

Awareness. The consumer becomes aware of the new product but lacks information about it.

Interest. The consumer seeks information about the new product.

Evaluation. The consumer considers whether trying the new product makes sense.

Trial. The consumer tries the new product on a small scale to improve his or her estimate of its value.

Adoption. The consumer decides to make full and regular use of the new product.

This model suggests that marketers should think about how to help consumers move through these stages. For example, if a company finds that many consumers are considering its products but are still tentative about buying one, it might offer sales prices or special promotions that help get consumers over the decision hump. To help car buyers past purchase-decision hurdles following the economic meltdown in 2008, Hyundai offered a unique Hyundai Assurance Plan. It promised buyers who financed or leased new Hyundais that they could return them at no cost and with no harm to their credit rating if they lost their jobs or incomes within a year. Sales of the Hyundai Sonata surged 85 percent in the month following the start of the campaign.

Individual Differences in Innovativeness

People differ greatly in their readiness to try new products. In each product area, there are "consumption pioneers" and early adopters. Other individuals adopt new products much later. People can be classified into the adopter categories shown in ● **Figure 5.6.**[29] As shown by the curve, after a slow start, an increasing number of people adopt the new product. As successive groups of consumers adopt the innovation, it eventually reaches its cumulative saturation level. Innovators are defined as the first 2.5 percent of buyers to adopt a new idea (those beyond two standard deviations from mean adoption time); the early adopters are the next 13.5 percent (between one and two standard deviations); and then come early mainstream, late mainstream, and lagging adopters.

The five adopter groups have differing values. *Innovators* are venturesome—they try new ideas at some risk. *Early adopters* are guided by respect—they are opinion leaders in their communities and adopt new ideas early but carefully. *Early mainstream* adopters are deliberate—although they rarely are leaders, they adopt new ideas before the average person. *Late mainstream* adopters are skeptical—they adopt an innovation only after a majority of people have tried it. Finally, *lagging adopters* are tradition bound—they are suspicious of changes and adopt the innovation only when it has become something of a tradition itself.

This adopter classification suggests that an innovating firm should research the characteristics of innovators and early adopters in their product categories and direct initial marketing efforts toward them.

Influence of Product Characteristics on Rate of Adoption

The characteristics of the new product affect its rate of adoption. Some products catch on almost overnight. For example, Apple's iPod, iPhone, and iPad flew off retailers' shelves

● FIGURE 5.6
Adopter Categories Based on
Relative Time of Adoption of
Innovations
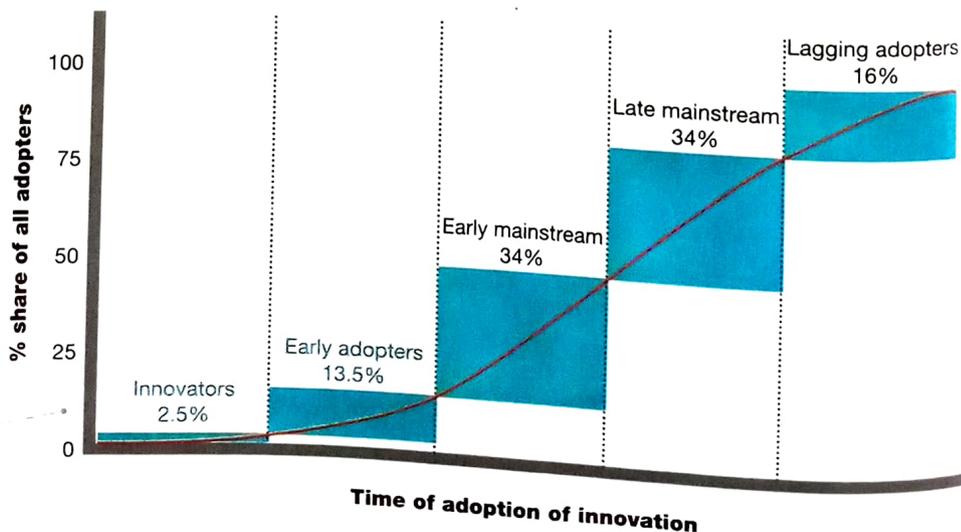
New product marketers often
target innovators and early
adopters, who in turn influence
later adopters

at an astounding rate from the day they were first introduced. Others take a longer time to gain acceptance. For example, all-electric cars were first introduced in the United States in 2010, led by models such as the Nissan Leaf and the Tesla Model S. However, electric vehicles still account for far less than 1 percent of total U.S. automobile sales. It will likely be years or even decades before they replace the gasoline-powered cars.[30]

Five characteristics are especially important in influencing an innovation's rate of adoption. For example, consider the characteristics of all-electric vehicles in relation to their rate of adoption:

Relative advantage. The degree to which the innovation appears superior to existing products. All-electric cars require no gas and use clean, less costly energy. This will accelerate their rate of adoption. However, they have limited driving range before recharging and cost more initially, which will slow the adoption rate.

Compatibility. The degree to which the innovation fits the values and experiences of potential consumers. Electric cars are driven the same way as gas-powered cars. However, they are not compatible with the nation's current refueling network. Plug-in electric charging stations are few and far between. Increased adoption will depend on the development of a national network of recharging stations, which may take considerable time.

Complexity. The degree to which the innovation is difficult to understand or use. Electric cars are not different or complex to drive, which will help to speed up adoption. However, the "conceptual complexity" of the new technologies and concerns about how well they will likely work slow down the adoption rate.

Divisibility. The degree to which the innovation may be tried on a limited basis. Consumers can test-drive electric cars, a positive for the adoption rate. However, current high prices to own and fully experience these new technologies will likely slow adoption.

Communicability. The degree to which the results of using the innovation can be observed or described to others. To the extent that electric cars lend themselves to demonstration and description, their use will spread faster among consumers.

Other characteristics influence the rate of adoption, such as initial and ongoing costs, risk and uncertainty, and social approval. The new product marketer must research all these factors when developing the new product and its marketing program.